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# **Perceptual asymmetries in perceived quality of HR function resulting from ownership transformation: A public-to-private scenario**

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## **Abstract**

Policymakers use privatization to transform a drowning public sector firm into a profitable institution while ignoring its effects on different organizational members. This study advances HR research on ownership transformation and its human resource implications by exploring potential effects of privatization on changes in perceptions of key HR service providers and service receives (i.e., HR and Non-HR line managers) about the quality of HR business partnership role. This qualitative investigation is based on in-depth semi-structured interviews with 8 Non-HR and 3 HR line managers of a privatized fertilizer company in Pakistan. We proposed that the transformation of ownership positively affects the line manager's perceptions about strategic partner and change agent role of the HR Function. The line managers' perceptions about the expert administrative role remained almost unaffected, while their perceptions about employee champion role of HR Function are negatively affected after privatization. This study has contributed to the existing knowledge by highlighting the role of ownership transformation, particularly privatization in employees' perceptions about the business partner role of HR Function in a fertilizer firm.

**Keywords:** *Business partnership model, Privatization, Quality, HR Function, Line Managers.*

## Introduction

Privatization is a common phenomenon to sell a public firm to some private entity (Zahra, Ireland, Guitierrez, & Hitt, 2000; Battaglio Jr, 2009). The critical drivers of privatization include improving the strategic and financial performance of the firm, coping with industrial pressures, raising revenues, or resolving social and economic issues (Bremmer, 2010; Megginson & Netter, 2001). Studies have noted that privatization often results in new leadership and management, downsizing, changing human resource policies and practices, and new products and services offerings (Dharwadkar, George, & Brandes, 2000; Makhija, 2003; Ramamurti, 2000; Xu, Tihanyi & Hitt, 2017). There seems to be a mutual consensus among organizational researchers that privatization brings stressful consequences for human resources such as ambiguity, job dissatisfaction, job insecurity, physical and psychological health issues, and poor communication and participation (Jimmieson & Tucker, 2018; Pahkin, Mattila-Holappa, Nielsen, Widerszal-Bazyl, & Wiezer, 2014; Seo & Hill, 2005; Sheng & Zhao, 2012).

While the potential causes and effects of privatization on the organizational workforce are widely studied, the impact of privatization on surviving employee's<sup>1</sup> perceptions about post-privatization HR policies and practices still needs further attention. The human resource (HR) management researchers working on both public and private ownership transformations have ignored how do the surviving employees respond to such changes in HR Function and HR policies and practices in a post-privatization context. The existing literature on privatization (e.g., Battaglio Jr &

<sup>1</sup> We used the term surviving employees for individuals who managed to survive downsizing as a result of public to private ownership transformation.

Ledvinka, 2009; Battaglio Jr, 2009; Vrangbæk et al., 2015; Peterson et al., 2018) is more focused on the issues like public-private partnerships, organizational transformation, change consultation, change planning and privatization; thereby ignoring perceptual changes related to HR functions that may take place in a post-privatization context. We contribute to the literature on HR management within the domain of public administration by emphasizing a core layer of HR, i.e., the line managers who survived downsizing in a privatized fertilizer firm in Pakistan. Our study also contribution by capturing line manager's perceived HR quality before and after privatization using a well-established HR competency model.

The line managers represent a core layer of middle management that maintains a direct and consistent linkage between three important pillars of an organization, including the HR department, the top management, and the lower-level employees in their respective departments (Christensen, 2006). Hence, the line managers are the direct customers of services provided by Human Resource Department (Asadullah et al., 2015), as they are directly engaged with HR professionals for satisfying routine HR requirements of their departments (Christensen, 2006; Kulik, 2004; Mamman, Aminu, Ken Kamoche, Hamza, & Motolani, 2018 ). Hence, we consider line managers as the most suitable group of organizational members who may provide compelling insights about the HR management policies and practices offered by the HR Function of a privatized organization. In this study, we emphasized surviving line managers because they may provide a comparative perspective about the human resource policies and practices concerning pre-privatization and post-privatization scenario of the firm.

This study contributes by examining HR functional implications during the pre and post ownership transformation phase. We integrate real-world privatization and HR management from the comparative perspective of line managers' perceived HR policies and practices in a pre-privatization versus post-privatization scenario. We employed business partner model by Ulrich (1997) to examine the quality of HR Function from the perspective of surviving line managers in a privatization context. Incorporating line managers' as a customer or service receiver of the HR Function allowed the researchers to extend existing research on stakeholders' perspectives about the quality of the HR function. Next, we present the theoretical framework that discusses the quality of HR functions using Ulrich's Business partner model, followed by the method and analysis section. We concluded with a detailed analysis of the data concerning four different roles of Ulrich's business partner model.

## **Theoretical Framework**

### *Quality of HR Function: Ulrich's business partner model*

We use the term HR Function as synonymous to the HR department, which consists of people, processes, and systems which jointly work to govern all activities within the organization (Ulrich, 1997). The inputs of the HR function to the organization has led to a serious debate with the organization context (Drucker, 1954; Stewart, 1996; Wright et al., 2001). Thus, HR specialists need to focus on across the board transformation by updating the HR function to cope up with the latest trends, change, and cost-cutting needs (Edwards & Kuruvilla, 2005). The HRM literature has offered various competency models in the last decade of the previous century to guide HR

professionals about how to act as business partners to address these business requirements of line managers (Caldwell, 2010).

A key competency model that has provided direction to the HR professionals is the business partnership model of Ulrich (1997). According to Ulrich (1997) HR professionals should simultaneously fulfill the role of being a strategic partner, change agent, administrative expert, and champion role of managers to implement and influence organizational and human resource strategy. The first role of the HR Function as a business partner is the 'strategic partner' role that requires HR professionals to work on aligning HR strategy with organizational objective and strategy. Second is the 'change agent' role that focuses on change management. The responsibility of HR manager is to initiate, facilitate, and accomplish change related to organizational and human resource policies. The third role is the 'administrative expert' role that emphasizes business process re-engineering to enhance operational efficiency. The HR manager must identify and streamline processes and procedures that requires improvement. The first role is 'employee champion' role that HR professionals need to perform in order to identify and address the personal and professional needs of the employees. There is a long history of the successful application of this model within the range of industries and organization contexts (Sarvaiya, Harsha, Jim, & Gabriel, 2019). Hence, the business partner model of Ulrich is a comprehensive HR competency model that guides HR professionals to perform strategic vs. operational activities simultaneously to align HR practices with the current and future needs of the business and employees.

### *Ownership transformation*

The ownership characteristic of a firm has a significant effect on HR management practices. Ownership determines HR systems (Boeker & Goodstein, 1993) by affecting human resource practices (Zhu et al., 2008), which describe organization governance mechanism and dealing attitude with the employees (Park & Luo, 2001). The ownership structure also determines organizational policies related to different stakeholders, including workforce (Zhu et al. , 2008) and management autonomy (Martin & Bamber, 2005), pay-for-performance system, training and development, and decentralization of recruitment and staffing decisions among state-owned and private enterprises. Based on ownership, the firms of any industry across the world are mainly categorized as public/state-owned vs. private companies (Xu, Tihanyi & Hitt, 2017).

Despite a significant role as an engine of growth, the public sector lost its existence with the advent of economic liberalization due to its limited focus on cost-saving and return maximization (Dinc & Gupta, 2011). Particularly, the economic liberalization boosted ownership transition of a large amount of state-owned companies to private ownerships like public-private-partnerships (Bertelli, 2018), the general public, institutional investors (e.g., such as banks, insurance companies, DFIs, mutual funds companies), associated companies and foreign investors (Djankov & Murrelle, 2002; Earle, 1997). This wave of transformation from public to private ownership characteristics of the firm left significant implications for human resource management practitioners, particularly affecting their approach to managing their workforce.

Implications of ownership transformation on Quality of HR Function



The equivalence model is one of the most prominent models to examine the organizational size-dependant differences related to HR management. The equivalence model supports the view that there is not a single best way of coping with HR challenges; rather, alternative methods always exist (Behrend, 2007). This model is basically open to the existence of rather different ways of coping with fundamental HR-related challenges. This indicates that numerous organizational approaches to deal with HR issues exist depending upon different contextual variables like ownership (Budhwar & Sparrow, 2002; Martin & Bartscher-Finzer, 2006; Behrends, 2007). When there is a transition of a state-owned firm towards privatization, significant changes inside the organization occur, including layoffs, new management, and new product and service offerings (Xu et al., 2017; Dharwadkar, George, & Brandes, 2000; Makhija, 2003; Ramamurti, 2000). The privatization also creates quality of service challenges for human resource departments to respond to various employee reactions like increased ambiguity, job loss, physical and psychological health issues (Lippel & Quinlan, 2011; Sheng & Zhao, 2012), poor communication and participation (Barrett, 2002; Klein, 1996; Kotter, 1995, 1999) and lowered motivational and cognitive functions. The privatization also shapes organizational culture, organizational structures, reduces the union's influence, improves employee efficiency, introduces new leadership, and new human resource practices emphasizing performance (Cunha & Cooper, 2002). The privatization affects organizational structure and culture by introducing flatter organizational structure to improve communication and decision-making process (Zahra, 2000), downsizing/layoffs happen consistently and pays, and benefits are revised, particularly the wages become ambiguous (Earle, 2006). Some researchers

(Osunde, 2015) also reported that new management improved their work environment, salary, training, and job satisfaction.

*Line managers' discretion and HR quality*

The ownership transition, from the public to private, has different implications for different stakeholders of a company. Some stakeholders of the company benefit from such changes resulting from the privatization of a firm while others remain at a disadvantage (Xu et al., 2017). The HR function, which is viewed as a key business function in managing organizational change, is forced to developing and implementing strategy as well as operational responses for an effective delivery of HR service to regulate the ownership transition in a smooth manner. Since an effective delivery of HR service leaves a significant influence on organizational behavior inside the organization (Ulrich, 1997; Gilbert et al., 2011; Haggerty & Wright, 2009), the strategic HR response to cope with this transition involves maintaining an effective communication of HR with line managers for effective delivery of HR services (McGuire, Stoner & Mylona, 2015).

Maintaining a close linkage with the line managers allows HR professionals to align their HR systems and processes with the business objectives by engaging line managers in day-to-day people management decision-making (McGuire et al. 2015). The line managers play a substantial role in 'HR agents' in the implementation of HR practices (Tamkin & Broughton, 2007) by mediating the relationship between employees and HR practices (Truss, 2001). The line managers' involvement in the implementation of HR practices provides various advantages, including cost reduction, comprehensive approach for putting responsibility for managing the workforce,

accelerating decision-making process, and an alternative to outsourcing HR function (Brewster & Larson, 2000).

Despite an inevitable role of line managers in the effective delivery of HR service, some researchers (Lopez-Cotarelo, 2011) criticized that the line managers influence the delivery of HR services negatively by distorting their uniform application (Boxall & Purcell, 2008) or undesired variability (Nishii & Wright, 2008). Lopez-Cotarelo (2011) has shown that line managers may manipulate their HR discretion in different settings in unexpected ways by influencing the outcomes of many HR processes and specific decisions like working conditions. Similarly, line managers are equally likely to influence the delivery of HR services in the organizational settings, which are in the transition of ownership from public to private. This tendency of line managers to exercise their discretion may have certain implications for employee outcomes as well as the organizational performance by affecting the perceived quality of HR delivery during the transition period.

HR specialists need to focus on across the board transformation by updating HR functions to cope up with the latest trends, change, and cost-cutting needs (Edwards & Kuruvilla, 2005) to manage the ownership transition effectively. In reaction to these HR needs in the phase of ownership transition, the line managers are more likely to perceive their limited discretion in the changes happening in HR systems and processes, their utility, and effectiveness for different organizational stakeholders, including the line managers themselves and their subordinates. Since quality is always viewed on the basis of value explained by service receiver rather than the service provider (Ulrich, 2005), HR practitioner needs to recognize the perception of service

receiver for aligning HR practices with the discretion and requirement of their business partners, mainly, line managers to achieve business objectives (Edwards & Kuruvilla, 2005; Ulrich, 2005; Lawler et al., 2004). According to Ulrich's business partner model, line managers are the immediate clients of HR who use the firm's HR services. Line managers are the ones who are at the front of the organization (Kulick, Kulick, & Perry, 2004), and they need a high level of HR services, which help them to update the HR requirements of their department (Armstrong & Taylor, 2014). The researchers in strategic HRM literature (Rynes et al., 2002; Caldwell, 2010) stress on using business competency models to predict the effectiveness of business partner performance of HR Function from the perspective of line managers due to their unique position to judge the quality of service provided by HR professionals. Thus, the line managers are the most important customer of the HR services. To acknowledge the line manager's discretion in ownership transition, further research on the changes in line managers' perceptions about the delivery of HR may, therefore, prove fruitful in our understanding of changing the perceived quality of HR function in the situation of ownership transition.

## **Method**

### *Context of the study*

Since 1970, privatization has become the formal public policy in many developed and most of the developing countries (Hodge, 2018; Teodoro & Anne, 2017). The past two decades are very responsive towards privatization as it generates a wealth of knowledge as a sectoral mix of privatization, as well as speed and method used for the privatization (Yusuf et al., 2005). The case organization is a private fertilizer limited firm located in Multan, a city in South of Punjab province in Pakistan. The government of

Pakistan had an official policy to privatize all units operational under the case organization in 2005. An operationally distinct HR function and contemporary HR practices are evident in the private organizations of Pakistan (Asadullah et al., 2015). The case organization has a distinct HR Function consisting of a total of 28 employees serving different hierarchical levels.

The case organization was privatized in 2005, resulting in downsizing. Prior to privatization, the case organization was functioning through the bureaucratic system which lacked transparency and appropriate workplace culture. There were extended lines of hierarchy with lethargic business and HR processes (Mahmood, Kouser, Ahmad, & Ali, 2016). The system was largely flawed with high power distance in the relationships between top management and first line employees. The financial standing of the organization was bleak with financial statements reporting losses annually (Kouser, 2010).

#### *Design, sample, and procedure*

The objective of this study was to develop a deeper understanding of the change in the perceived quality of HR Function in respect of change in the ownership of case organization from the public to a private organization. This study is based on the case study approach, involving the study of an issue explored through one or more cases within a bounded system (Creswell, 2007, p. 67). The case study approach was found suitable. The case study approach facilitates developing a deeper understanding of a situation or a phenomenon by finding out what is happening, seeking new insights, and generating ideas and hypotheses for new research (Robson, 2002). The phenomena of privatization represent a situation that calls for a deeper understanding of how the

transition of a public sector firm towards a private firm contributes towards the change in the perceptions of stakeholders about changing policies, procedures, and systems. The data were collected through face-to-face semi-structured interviews.

A combination of representative and purposive sampling method was used to extract a sample of key informants for the study. The selection of key informants was made on two criteria: First, the purpose of this criterion was to select those candidates who worked with the company before privatization as well as after the privatization. The objective was to select those participants who have a reasonable basic understanding about the quality of the HR Function before and after privatization. Second, the participants were identified based on the criteria that they should have direct and regular contact with the Human Resource Department of the company. Hence, the most suitable participants were those line managers who were heading different departments of the organization, including the HR Department.

We first approached the HR manager of the company to explain the objective of the study and provide assurances about respondents confidential. We shared the list of all possible interview questions. The HR manager then provided the list of 12-line managers (8 non-HR and 4 HR) from different departments as potential respondents of this study. The selected participants were those who had already worked with the company before privatization and were reemployed after privatization. The Non-HR line managers included departmental managers, unit managers, or wing managers having direct and consistent with the HR department as business partners.

### *Data Collection Instruments*

#### *Interviews*

Qualitative research was conducted through semi-structured interview questions related to business and departmental goals before and after privatization, changes that took place after privatization, and the role of HR in coming up with those changes. Perceptions regarding the quality of HR function before and after privatization were studied through interview questions related to four HR functions: Strategic partner, administrative role, employee champion, and a change agent role. A sample question is 'How is HR represented in board meetings?' Company documents were used to compare these perceptions. These perceptions were recorded, transcribed, and analysis of the data and identification of categories was done. The interview process continued until the saturated information was obtained. Finally, the report was generated, covering the changes in HR quality before and after privatization. The interviews took 30 minutes to 1 hour, in which everyone answered semi-structured questions. They were also explained about Dave Ulrich's model of quality HR function before conducting the interview. The whole interview process prolonged over two months for gathering complete data.

## **Findings**

The following section of our study provides a description of the changes in the employees' perceptions about the quality of HR function after the privatization. Overall, we found that the ownership transition of a company from public to private firm positively affected the employee's perceptions about two key business partner roles of HR Function, i.e., strategic partner and change agent. However, this transition negatively has a negative effect on the perceptions about the employee champion role, while the perceptions about the expert administrative role remained almost unaffected.

### *Strategic partner*

Linking human resource strategy with the business strategy of the organization has vital importance for an effective business partnership role of the HR Function (Ulrich, 1997; Ulrich & Brockbank, 2006; Caldwell, 2010). The human resource practices create value for the business only if they are aligned with strategic business objectives (Bailey, Mankin, Kelliher, & Garavan, 2018, p.45). Thus, the strategic partner role requires HR professionals to align HR policies with strategic business requirements (Ulrich, 1997). HR Function may develop its business understanding to create value and deliver business in real terms rather than just naming a business (Ulrich, Younger, & Brockbank, 2012). The participants of our study acknowledged HR professionals' capacity to understand and meet the strategic business requirements of the company (e.g. *'HR plays an important role in strategic issues'; They are someone who understands business, their needs and are able to transfer them into HR'*). The specific examples related to the post-privatization strategic role of HR function included devising a new vision and strategic plan (*'To cope up with losses during no production period (2010-2013), HR has introduced vision 20 plan'*), skill shortage (*'we have a challenge of shortage of engineers. HR is looking after this issue'*), restructuring (*'HR played really important role in strategic decisions related to restructuring'*), and talent acquisition (*'Strategic issues from HR point of view are competent people. We had old systems in the govt. times but now they have changed'*).

In the post-privatization context of the organization under investigation, the 'Vision 20 plan' is a clear example of a renewed business strategy that is required for managing change (Fernandez & Rainey, 2006). Our participants shared their



experiences about the changes in the quality of HR Function, which occurred after the privatization (e.g., '*They are someone who understands business, their needs and are able to transfer them into HR*'). The majority pointed towards improvement in the strategic partner role of HR Function (e.g., '*People now talk to their business partner for support and guidance*'). Overall, the participants shared positive experiences about the strategic partner role of HR function after the privatization of the firm. Based on these lived experiences of our participants which demonstrated an improvement in strategic business partner role of HR function after privatization, we proposed that:

*Proposition 1: The privatization of a public sector organization positively affects the line managers' perceptions about the quality of the strategic business partner role of HR Function.*

#### *Change agent*

The long-term investors are more interested in improving the strength of governance behaviors (Harford, Kecskes & Mansi, 2018) by introducing new organizational policies and procedures because they help to maintain order (Levitt, 2002) and shaping organizational behavior (Becker, 2010; Parmigiani & Howard-Grenville, 2011; Wang, Yajuan, Jingsi, and Yingxin, 2017). The compliance with these policies and procedures enhance performance, idea implementation, efficiency, and quality (Madjar, Greenberg, & Chen, 2011; Su, Wright & Ulrich, 2018). Unfortunately, the employees in some Asian cultures are not habitual of complying with such policies and procedures (Su & Wright, 2012; Su et al., 2015). Hence, the responsibility for shaping organizational culture is assigned to the HR function (Ulrich, 1997). In the public-to-private transition, HR functions try to strengthen the governance system by

reshaping existing organizational through new policies and procedures. The participants of the current study shared similar experiences. Particularly, we found three major types of initiative which HR function took to play the role of a change agent for managing the public-to-private transition.

The first major initiative was restructuring different departments, including HR Function itself (*'There are changes in organizational structure too'*). For instance, separating electrical and mechanical departments (*'only one head used to look after the electrical and mechanical departments...Now, both departments have separate heads'*), replacing Administration department with HR Department (*'They hired a new HR head'; 'Before privatization, the HR department did not exist in NFC...Admin. Department was responsible for HR issues'*), and isolating recruitment of executives from staff (*'Now, IR is separated from HR. HR is responsible for the recruitment of executives whereas IR is responsible for recruitment of staff employees'*). An HR line manager acknowledged such transformations and explained that: *'HR also started from a rudimentary level...When PFL was privatized there was a person called ABC and another person. This was the whole HR function...Organizational charts were amended and updated. Explicit policies were developed...'*

The second major initiative on behalf of HR Function was the implementation of a human resource information system (HRIS) that helped the company control work-related aspects for improving HR governance (e.g. *'HR processes have also improved through the introduction of new Human Resource Information System'*). A line manager explained how introducing new HRIS increased employee governance: *'One advantage of this system is that every employee has a separate job description...Before this, the*

*job description was based on designation only'* Another participant explained: *'Now, ...you are making people do the job independently and there is accountability too.'*

The third major type of HR initiative was related to procedural changes as shared by our participants. These examples included introducing new policies procedures (*'There were no policies before privatization. For example, before privatization, if production rate of ammonia phosphate or any equipment had to be changed, no one exactly was responsible, and it could be done on anyone's discretion. After privatization, there is a procedure for everything. If you want to replace equipment, there is a procedure called MOC (Method of Change))*), cultural transformation (*'HR has also contributed in introducing merit-based selection of employees which was done by favoritism before privatization'*), performance culture (*'A performance culture has been introduced...but now our promotions are purely performance based'*), increased promotional opportunities (*'even the juniors get a chance to get promoted which was not possible in a government institution'*), and improved decision-making, profit, and growth(*'growth rate of company increased since the decision-making process was improved...which increased the company's profitability'*). Overall, the participants appreciated the transformational contribution of HR Function in bringing such changes (e.g. *'Major initiative was from HR. They played a transformational, functional role after privatization'*). These experiences demonstrated that post-privatization HR initiatives positively affect line managers' perceptions about the 'change agent' role of the HR Function. Thus, we proposed that:

*Proposition 2: The privatization of a public sector organization positively affects the line managers' perceptions about the quality of change agent role of the HR Function.*

#### *Administrative expert*

We observed a significant difference in the perceptions of participants regarding the expert administrative role of the HR Function in the organization. Some participants shared the opinion that HR plays a significant role in enhancing administrative efficiency of the organization after privatization (e.g. *'The administrative role is highly effective'; 'the role of HR in operating the plant with minimum manpower is very important'; 'To quite an extent. There is a combined effort by HR and technical people...'*). The participants who showed some satisfaction with the administrative role of HR Function shared some examples which included improved recruitment system (*'Recruitment system has been improved'*), *'Training Need Analysis (TNA)'*, communication (*'Awareness sessions take place... Safety procedure sessions... They are communicated through emails too'*), organization of training events (*'Arrangement of actual training'*), and monitoring procedures (*'There are monitoring procedures e.g. card punching and biometric attendance system...audit reports...monitoring through scores, engineer evaluation'*).

However, some participants also looked for further improvements to enhance the administrative efficiency of the organization (e.g. *'They have tried a lot to improve....but there is still room for improvement'; 'Procedures...are already made. Now there is a need to implement them'*). Some examples of improvement areas as shared by the participants included persisting communication gap between Administration department

and HR department (e.g. *'there is a communication gap between both the departments'; 'Admin and HR have a rift with each other...Admin thinks from their point of view and HR from their so they eventually find a way'*). These comments demonstrate that the participants have mixed opinions about the change in the administrative role of the HR Function after the privatization of the organization. Based on the mixed view of participants about post-privatization administrative efficiency of HR Function, we proposed that:

*Proposition 3: The privatization of a public sector organization does not significantly affect the line managers' perceptions about the quality of the administrative expert role of the HR Function.*

#### *Employee champion role*

We considered it more valuable to know employees understand about personal versus professional needs before discussing their perceptions about the quality of employee champion role of HR function after the privatization of the company. We found that the participants were able to differentiate between their personal and professional needs, particularly, as 'pay' vs. 'skill' and 'career' (e.g. *'personal needs include facilities, pays, family related policies...professional needs include training, promotion plans, succession planning of an employee for the next five to ten years'*).

Then, we inquired about our participants about the processes and the actions taken by the HR Function after privatization for determining employees' personal and professional needs. The participants pointed towards various HR functions, which included the training needs analysis, succession planning, performance management systems, and increased rewards, job rotation, and market-based compensation surveys.

The participants related to the HR department did not share official figures related to the annual employee turnover inside the company. Table 1 provides a list of quotations provided by some participants related to the HR initiatives to determine and address employees' personal as well as professional needs.

We questioned HR professionals if they determine personal reasons for which employees quit the organization and the actions which they take to maintain the commitment level of surviving employees. They pointed towards two essential HR practices, which include existing interviews and the meeting with the employer. Similarly, we also inquired about our participants about the post-privatization HR initiatives taken by the HR Function for determining employees' professional needs related to the skill and the career. A participant explained that *'A lot of changes took place. Personality grooming, technical training and soft skills training are held. Before privatization, we used to have strong technical training but now, soft skills training was also provided.'* Some other examples of HR initiative to address employees' personal and professional needs included employee engagement programs, capacity building, coaching, and occupational safety.

The previously discussed examples demonstrate various HR initiatives which HR function took to retain employee morale and commitment after privatization. However, the participants shared lived experiences that demonstrated employees' serious reservations towards their personal and professional needs. For instance, a non-HR line manager complained about discrimination stating that: *'These things matter from person to person. Some people who do not want to leave would have self-motivation.'* Another line manager criticized the inconsistent rewarding policy of the company by providing a

detailed explanation: *'It is different for individuals. When the company was performing well, perks and benefits were given adequately, there was a motivation to keep the employees engaged, career planning and development used to take place. Nowadays, motivation is to keep the policies transparent, enhance monetary levels.'* These comments signify the risks of lower employee morale, lack of trust, and credibility associated with downsizing (Timmins, 1986; Molinsky & Margolis, 2006) resulting from post-privatization organizational restructuring and downsizing. This represents that post-privatization HR initiatives fail to address employee needs and to improve their perceptions, motivation, and morale after the privatization. Nelson, Cooper, and Jackson (2018) also reported similar findings that privatization results in decline in the job satisfaction and mental and physical health of employees. A participant highlighted similar cases and insisted on the HR function to address the personal needs of employees: *'Need of the time is to resolve personal needs too. If a person cannot come out of his private issues, he cannot contribute well to the organization.'*

The participants' dissatisfaction with employee champion role of HR Function after the privatization of the firm depicted from various other lived experiences which they shared with us. For instance, a participant discussed the role of the HR Function in addressing employee needs: *'Not 100% but quite good. There were steps taken in past... such as competitive salaries, housing, cars.'* Another participant demonstrated his dissatisfaction in the following manner: *'If I talk about 3 to 4 years back, about 80% of employees were satisfied. But today the situation has been reversed.'* When we explored the reasons behind such dissatisfaction, one participant criticized: *'A lot of people have left. If the policy is good why people are leaving? ... a lot of policies could*

*not be applied.*' These comments are conflicting with the experiences of participants who talked about increased rewards (see Table 1). Such contradiction complies with the view that the post-privatization payroll policies seem more favorable for the top officials of the company while leaving the lower-level employees at a disadvantage, as highlighted by Mahmood et al. (2016). Such changes in the post-privatization scenario may negatively affect the perceptions of lower-level employees.

Previously, we discussed 'training' as one of the HR initiatives to address employees' professional needs. However, an HR line manager, herself, complained about the limited opportunity available for employees for an effective transfer of training. He stated that *'a person doesn't become an expert just after one training...you have to implement and share with your team and you learn with time.'* Another participant complained about how the 'succession plan' of the company is still striving for implementation: *'There is proper succession planning which is not followed properly due to high rate of turnover.'* Such experience, which our participants shared to highlight the lacking implementation of employee-friendly policies, has been reported to undermine the trusting workplace relationship required for managing change during the ownership transformation process (Paul Battaglio Jr, & Condrey, 2009).

Despite a significant number of new procedures and processes introduced after privatization for addressing employees' personal and professional needs, most of our participants seemed dissatisfied with the employee champion role of HR Function after the post-privatization. Based on the contradiction in our participants' lived experiences and a greater dissatisfaction depicted from most of our participants, we proposed that:



*Proposition 4: The privatization of a public sector organization negatively affects the line managers' perceptions about the quality of employee champion role of HR Function.*

## **Discussion**

The case study provides a different explanation of a specific phenomenon from the perspective of the participants' lived experiences (Falmer, Talbot, Kristof-Brown, Astrove, & Billsberry, 2018). For years, HRM researchers have talked about the importance of the HR department inside the organizations for providing quality HR services from different perspectives. They discussed the quality of HR service from the perspectives of different stakeholders using different types of human resource architectures. However, the previous research did not explain how ownership changes may affect the line manager's experiences about the quality of the HR function. Our study explains how the changes in the HR function resulting from ownership transformation from a public to a private sector firm positively or negatively influence line manager's perceptions about four important business partner roles of the HR function. Hence, the participants of our study opened a new avenue to develop an understanding of how the line manager's experiences about the quality of HR function are shaped concerning the ownership transition. Their discussion provides insights into the changes which take place into the multidimensional business partner role of the HR function. The researchers advocate that privatization affects the discretion of different organizational members, including the line managers, because of changes happening in the HR function and HR service delivery. Our data demonstrated some positive as well as negative changes taking place in some areas of the business partner role of HR in

response to the ownership transformation. However, we also demonstrated that understanding the effects of ownership transformation on the line manager's experiences about different business partner roles of the HR function is much more complicated.

### *Theoretical contribution*

This study has offered new insights about the role of changing organizational possession into the changing perceptions of line managers about the quality of HR function in an Asian context. The findings of the current study reinforce the potential effects of privatization in the quality of the HR Function from four different 'business partner' roles of the HR Function. The first theoretical contribution of this study offers insights into the role of ownership transformation in the improved business partner role of HR Function inside the organization. This study found that privatization provides HR professionals with an opportunity to develop their business understanding, which may further strengthen the confidence of line managers in the business partner role of HR Function. This finding complies with the recommendation of Ulrich et al. (2012) that HR professionals need to develop their business understanding to create value and deliver results. This study has also revealed the enhanced effort of HR professionals in helping the organization reset its direction by devising a strategic HR plan (as described by a participant about 'vision 20 plan' introduced by HR Function) to meet post-privatization business requirements. This finding complies with the view that HR function cannot create value without aligning HR practices with business needs (Ulrich, 1997; Ulrich & Brockbank, 2006; Caldwell, 2010; Bailey et al., 2018).

Second, this study has also provided an interesting insight into the changes in line managers' perceptions about the change agent role of the HR function in the context of ownership transition. We found that the line managers appreciated the post-privatization change agent role of the HR Function for multiple reasons. As a change agent, the participants recognized the post-privatization role of HR in changing organizational culture, organizational restructuring, and up-gradating people management system. In this endeavor, shaping organizational culture by changing organizational policies (Ulrich, 1997) appears as the key initiative of HR Function to enhance organizational control over employee behavior as the employees working in Asian public sector organizations ignore organizational policies (Su & Wright, 2012; Su et al., 2015). Since aligning HR practices with changing business needs is important for creating value (Ulrich, 1997; Bailey et al., 2018), the action of case organizations' HR Function to change policies for aligning HR practices with the post-privatization business requirements is also sense-making.

Third, this study has also provided a great insight into the changing perceptions of the line managers about the expert administrative role of the HR Function in the context of ownership transition. Despite showing some level of satisfaction with the administrative role of the HR Function in enhancing operational efficiency, almost all participants shared the perception that an improvement in the administrative role of the HR Function is still required. The key reason presented by the participants was related to the lack of implementation. In the light of experiences shared by our participants, we found that the line managers perceived that the administrative role of the HR function had not improved significantly after the privatization of the company. Our findings

demonstrate the focus on multiple dimensions of HR Business partner role, including expert administrative role, is important to develop a comprehensive understanding of the role of ownership transformation in the quality of the HR Function.

Underpinning the business partner model of HR Function in the Asian context, we found contradiction and discontentment in the lived experiences of line managers that demonstrated a negative effect of privatization on employees' perceptions about the employee champion role of HR Function. The participants were able to differentiate between the personal and professional needs of the employees after the ownership transformation. Although HR took various initiatives to address these needs, yet the positive experiences were about the initiatives taken in the earliest phase of the ownership transition. Thus, most participants rejected the improvement in employee champion role of HR Function after the privatization. Their shared experiences demonstrated dissatisfaction, resentment, discrimination, low morale, and lack of trust and credibility. These findings comply with previous studies (Timmins, 1986; Molinsky & Margolis, 2006; Mahmood et al., 2016; Nelson, Cooper, & Jackson, 2018), which demonstrate that the changes (like downsizing and restructuring) resulting from organizational transformation affect the survivors negatively. Since privatization is an ownership transformation of the organization, which also pass through necessary downsizing and restructuring, therefore a decline in the line managers' perceptions about employee champion role of HR Function after privatization seems sense-making.

Overall, this study has proposed that ownership transformation (privatization) positively affects line managers' perceptions about strategic partner and change agent role of HR Function while negatively affects their perceptions about employee champion

role of HR Function. However, the line managers' perceptions about the administrative role of the HR Function remain almost unaffected.

### *Limitations and future research*

The qualitative approach of the current study based on a sampling of a wide range of line managers' perceptions and experiences is in line with the progression of strategic human resource management theory. However, we are well-aware of the potential limitations of our study. First, since this study emphasized on a single organization, we encourage future research to test our propositions on a larger scale by including broader samples of employees from different organizations. Second, at a cultural level, our data collection was based on a sample selected from the public sector manufacturing organization within an Eastern country. We believe that future studies could also investigate the issue of privatization with Western organization which varies on a range of culture dimensions (Favaretto, Rodolfo, Soraia, & Angelo, 2019). Third, While this study focused on the public-to-private ownership transformation, future studies could consider private-to-public ownership transformation within the context of nationalization (Kishimoto, Satoko, & Cat, 2018). Also, future could focus on other forms of ownership transformations, including public-private-partnerships or corporatization, which has become a common form of new public administration strategies (Bilodeau, Laurin, & Vining, 2006).

### *Practical Implications*

This study has guided HR professionals engaged with line managers to uphold their business partnership role to preserve the quality of HR Function during the situation of ownership transformation. Managers can learn to identify the changing

perceptions of their line managers and may take necessary HR initiatives to improve the quality of HR Function for the business partnership roles of HR Function. Identifying the improvement opportunities in the lacking areas is also advisable. Since a business partnership is a multifold role, the roles in which HR functions fit poorly may be emphasized more for bolstering the perceived quality of HR Functions.

The participants in the current study have provided an exciting picture of the dynamic nature of the quality of HR Function, from the perspective of line managers, in response to the change in ownership of the company. The participant's experiences highlight that the HR professionals pay close attention to the strategic partner and change agent role of the HR Function, which strengthens the line managers' perceptions about the business partner role of HR Function. However, this study has shown that the expert administrative role of HR Function remains almost unaffected while the employee champion role of HR function suffers during the transition period. Although HR professionals are already stretched by new responsibilities related to strategic and change management issues during the transformation, yet, closer and simultaneous attention to the two key roles, i.e., administrative expert and employee champion, can facilitate the ownership transition in a much smoother manner. A simultaneous emphasis on these two roles is also required to build internal support to overcome the resistance to the change process (Fernandez & Rainey, 2006). A fresh look from a business partner perspective during the transition period can help HR professionals in setting priorities and taking required initiatives to integrate the line manager's perspective for maintaining the quality of the HR Function. HR professionals can be advised to hold meetings with their business partners in this regard and can be

provided training about how to integrate the line manager's perspective in HR initiatives taken for managing public-to-private ownership transformation. Finally, this study has demonstrated that HR professionals of a privatized firm emphasize more on the strategic and change agent role of the HR Function as a business partner. This finding offers a significant implication for policymakers who are thinking about the privatization of a public firm to rethink their decision of privatization and consider HR Function to steer the business. This study recommends that mere relying on the option of privatization, they can think about resetting the strategic direction of the company by changing their existing policies and procedures. Further, HR professionals need to play their strategic partner and change agent role to facilitate this transition smoothly in the same way as they facilitate the new ownership of a privatized firm.

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Table 1: Participants' quotations about strategic partner of HR function and the codes

No.	Quotations	Codes
1.	<i>'HR plays an important role in strategic issues.'</i> <i>'HR is helpful in solving strategic issues.'</i>	<ul style="list-style-type: none"> <li>• Resolving Strategic issues</li> </ul>
2.	<i>'We have a challenge of shortage of manpower of engineers. HR is looking after this issue'.</i>	<ul style="list-style-type: none"> <li>• Skill shortage</li> </ul>
3.	<i>'HR played really important role in strategic decisions e.g. restructuring.'</i>	<ul style="list-style-type: none"> <li>• Strategic decisions</li> <li>• Restructuring</li> </ul>
4.	<i>'Strategic issues from HR point of view are competent people.'</i>	<ul style="list-style-type: none"> <li>• Talent acquisition</li> <li>• Renewal of system</li> </ul>
5.	<i>'HR is helpful in solving strategic issues...To cope up with losses during no production period (2010-2013).'</i>	<ul style="list-style-type: none"> <li>• Renewing vision/strategic plan</li> <li>• Renewing the systems</li> </ul>
6.	<i>'People now talk to their business partner for support and guidance.'</i>	<ul style="list-style-type: none"> <li>• Support and directions</li> </ul>
7.	<i>'They are someone who understands business, their needs and are able to transfer them into HR'.</i>	<ul style="list-style-type: none"> <li>• Understanding and transforming business needs into HR policies</li> </ul>

Table 2: Participants' quotations about change agent of HR function and the codes

No.	Quotations	Codes
1.	<i>'There were no policies before privatization. After privatization, there is a policy for every procedure.'</i>	<ul style="list-style-type: none"> <li>• New policies</li> </ul>

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2.	<i>'For example, before privatization, if production rate of ammonia phosphate or any equipment had to be changed, no one exactly was responsible, and it could be done on anyone's discretion.'</i> <i>After privatization, there is a procedure for everything. If you want to replace equipment, there is a procedure called MOC (Method of Change).'</i>	<ul style="list-style-type: none"> <li>• Responsibility</li> <li>• Method of change</li> <li>• Procedure</li> </ul>
3.	<i>'HR has also contributed in introducing merit-based selection of employees which was done by favoritism before privatization.'</i>	<ul style="list-style-type: none"> <li>• Merit-based selection</li> <li>• Favoritism</li> </ul>
4.	<i>'A performance culture has been introduced. Previously, we were appreciated on our work but now our promotions are purely performance based. Due to performance-based culture, even the juniors get a chance to get promoted which was not possible in a government institution.'</i>	<ul style="list-style-type: none"> <li>• Performance culture</li> <li>• Increased promotion opportunities</li> </ul>
5.	<i>'One of the major changes was that the growth rate of company increased since the decision-making process was improved...which increased the company's profitability.'</i>	<ul style="list-style-type: none"> <li>• Improved decision making</li> <li>• Increased profit and growth</li> </ul>
6.	<i>'Major initiative was from HR. They played a transformational, functional role after privatization.'</i>	<ul style="list-style-type: none"> <li>• Role of HR Function</li> </ul>
7.	<i>'HR processes have also been improved through the introduction of new Human Resource Information System. One advantage of this system is that every employee has a separate job description...Before this, the job description was based on designation only.'</i>	<ul style="list-style-type: none"> <li>• HRIS</li> <li>• Job Descriptions</li> </ul>

Table 3: Participants' quotations about administrative expert of HR function and the codes

No.	Quotations	Codes
1.	<i>'The administrative role is highly effective.'</i> <i>'The role of HR in operating the plant with minimum manpower is very important.'</i>	<ul style="list-style-type: none"> <li>• Administrative and operational efficiency</li> </ul>

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2.	<i>'Recruitment system has been improved.'</i> <i>'Awareness sessions take place... Safety procedure sessions... They are communicated through emails too.'</i>	<ul style="list-style-type: none"> <li>• Recruitment transparency</li> <li>• Recruitment and selection system</li> <li>• Training and development</li> </ul>
3.	<i>'There are monitoring procedures e.g. card punching and biometric attendance system...audit reports...monitoring through scores, engineer evaluation'</i>	<ul style="list-style-type: none"> <li>• Performance monitoring</li> </ul>
4.	<i>'They have tried a lot to improve.... but there is still room for improvement.'</i> <i>'Procedures...are already made. Now there is a need to implement them.'</i>	<ul style="list-style-type: none"> <li>• Continuous improvement</li> </ul>
5.	<i>'There is a communication gap between both the departments'</i> <i>'Admin and HR have a rift with each other...Admin thinks from their point of view and HR from theirs's, so they eventually find a way.'</i>	<ul style="list-style-type: none"> <li>• Communication</li> </ul>

Table 4: Participants' quotations about champion role of HR function and the codes

No.	Quotations	Codes
1.	<i>'After privatization, HR started this mechanism of collecting competitor pay structure ... in line with the pay structure...Professionals are satisfied through management trainings, technical training, safety training, succession plans, and movement plans.'</i>	<ul style="list-style-type: none"> <li>• Market-based compensation surveys</li> </ul>
2.	<i>'Training needs analysis. It assesses both personal and professional needs.... Our TNA session took place recently, there is, hopefully, a budget allocated to training.'</i> <i>'Our new management studied the structure of that pay, compared it with other companies in the industry to prevent people from leaving our organization to other organizations.'</i> <i>'HR started this mechanism of collecting competitor pay structure and brought it in line with the pay structure here.'</i>	<ul style="list-style-type: none"> <li>• Training needs analysis (TNA)</li> </ul>

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| <p>3. <i>'The needs of employees are identified through appraisal form ...discuss their good areas and weak areas with their supervisors. Even there are exit interviews.'</i><br/> <i>'Professional needs come from performance management system revolves around...expectations of employees; and how many of them have been met.'</i></p> | <ul style="list-style-type: none"> <li>• Performance appraisal</li> </ul>               |
| <p>4. <i>'Training needs analysis. There is a succession plan too which includes job rotation too'</i></p>   | <ul style="list-style-type: none"> <li>• TNA</li> <li>• Succession plan</li> </ul>      |
| <p>5. <i>'To retain employees, there is an exit interview ...to analyze whether the employees are leaving due to their personal reasons or due to the difference in pays.'</i></p>   | <ul style="list-style-type: none"> <li>• Exit Interviews; employee retention</li> </ul> |
| <p>6. <i>'HR once arranged an open-house meeting of employees with CEO in which the employees shared their concerns and CEO shared polices...'</i></p>   | <ul style="list-style-type: none"> <li>• Meeting with the employer</li> </ul>           |
| <p>7. <i>'A lot of changes took place. Personality grooming, technical training and soft skills training are held. Before privatization, we used to have strong technical training but now, soft skills trainings were also provided.'</i></p>   | <ul style="list-style-type: none"> <li>• Soft skills training</li> </ul>                |
| <p>8. <i>Employee commitment is improved by providing them with a safe environment.</i></p>  | <ul style="list-style-type: none"> <li>• Safe work environment</li> </ul>               |
| <p>9. <i>'To retain employees after privatization, HR improved existing policies. For example, if I consider myself, I was unit manager ammonia when the company was privatized... the company had provided me a motorcycle...After privatization, they replaced the motorcycle with a car.'</i></p>   | <ul style="list-style-type: none"> <li>• Increased rewards</li> </ul>                   |
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